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## COMMISSION OF THE EUROPEAN COMMUNITIES

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REGULATION (EEC) OF THE COUNCIL

opening, allocating and administering a Community tariff quota for ferro-chromium containing not less than 4% by weight of carbon falling within subheading ex 73.02 E I of the Common Customs Tariff and extending the benefit of this quota to certain imports of ferro-chromium containing a quantity of between 3 and 4% by weight of carbon

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(submitted to the Council by the Commission)

COM(77) 391 final.



EXPLANATORY MEMORANDUM

1. When the Regulation on the 1977 tariff quota for ferro-chromium containing not less than 4% by weight of carbon (high carbon ferro-chromium) was approved by the Council, the Commission was asked to review the state of the market in this product before the beginning of May 1977 and to submit a draft Regulation to increase the tariff volume if it became apparent that requirements for imports from third countries were likely to exceed the initial volume opened.

As a result of requests by certain Member States that Community tariff quotas for ferro-silicon, ferro-silico-manganese and low-carbon ferro-chromium be opened for 1977 on an autonomous basis, the Commission decided to review the state of the Community markets in these three ferro-alloys as well and to calculate any Community deficits.

2. These reviews mainly took place at meeting held with ferro-chromium producers and consumers on 22 April 1977 and with government experts on 16 June 1977, and were based on forward data supplied by representatives of private firms or by competent authorities of the Member States.

The main points that emerge from these discussions are as follows :

- (a) When the rates of duty applicable in the Community to goods from certain third countries are set at or reduced to a level lower than the quota rates of duty usually adopted with autonomous quotas for ferro-silicon, ferro-silico-manganese and low-carbon ferro-chromium, the requirements for imports from third countries to be met from these tariff quotas are considerably reduced;

.../...

- (b) Community production capacities are not used to the full and certain furnaces designed to manufacture ferro-silicon or ferro-silicon-manganese have had to be shut down for lack of sufficient demand; the production capacities put forward for ferro-silico-manganese, for example, are of the order of 120 000 tonnes, whereas actual production in 1976 was only 83 000 tonnes, which would allow an increase of about 50%;
- (c) there are now large stocks of all the ferro-alloys in question with Community producers;
- (d) especially as regards high-carbon ferro-chromium, the problems of imports from South Africa, the embargo on Rhodesian chromium and the deflections of trade which are believed to have been detected in certain third countries and in the Community have given rise to disturbances of the Community market which call for extreme caution to be exercised;
- (e) in the light of the economic forecasts notified in this connection, Community balance sheets for each of the products concerned can be produced as follows :

	Ferro-silicon	Ferro-silico-manganese	Low-carbon ferro-chromium	High-carbon ferro-chromium
	- in tonnes -			
Consumption	491 740	195 750	114 350	441 760
Production capacities	319 000	120 000	97 000	210 000
Inward processing	2 050	2 000	0	0
Imports from third countries at a rate of duty equal to or lower than the quota duty usually adopted (associated countries, EFTA)	128 470	49 880	13 185	32 405
Exports to third countries	40 000	4 450	6 700	23 000
Quotas opened on 1 January 1977	20 000	50 000	3 000	52 000
Abnormal stocks, as at 31 December 1976			11 234	35 000

.../...

According to this information, the calculation of Community requirements for imports from third countries, carried out by the usual method, reveals the following deficits and surpluses :

- for ferro-silicon : surplus of 17 780 tonnes, not counting the abnormal stocks in being as at 31 December 1976, which could not be accounted for;
- for ferro-silico-manganese: surplus of 40 580 tonnes, not counting the abnormal stocks in being as at 31 December 1976, which could not be accounted for; it should be noted that if, in the calculation of requirements, the 120 000 tonnes put forward as Community production are regarded solely as theoretical capacities, consideration of actual production capacities would nevertheless result in a relatively small or even zero final surplus;
- for low-carbon ferro-chromium : surplus of 16 769 tonnes;
- for high-carbon ferro-chromium : deficit of 89 355 tonnes; in this connection it should be noted that the calculations performed at the meeting of ferro-chromium producers and consumers, held on 22 April 1977, on the basis of figures put forward by them, gave rise to virtually the same result.

.../...

- (F) the opposition has been expressed to continuation of the zero rate of duty, which had been decided for the quota opened at the beginning of the year, for a supplementary tariff quota for high-carbon ferro-chromium.
3. Having regard to all these considerations, the Commission proposes that for the time being an autonomous tariff quota <sup>should</sup> be opened only for high-carbon ferro-chromium.

This tariff quota, valid from the entry into force of the Council Regulation to 31 December 1977, would cover a volume of 50 000 tonnes and be coupled with an intermediate rate of duty of 3%. The Commission is, however, willing to review in the autumn the state of the markets in the other ferro-alloys, if it receives a request backed up by new information.

4. The administrative arrangements proposed for this quota call for no special comments, since they are no different from those previously adopted by the Council in the same circumstances. The volume is therefore divided into two tranches, the first being allocated among the Member States in proportion to their needs and the second constituting the Community reserve. The Community reserve is all the more justified in this case since the draft Regulation provides that only those Member States having currently foreseeable specific requirements can participate

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initially. The Member States' requirements have been assessed from the estimates of actual needs put forward by each of them, reduced by the shares allotted them when the initial quota was allocated or drawn from the Community reserve constituted on that occasion.

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REGULATION (EEC) No ..... OF THE COUNCIL  
of .....

opening, allocating and administering a Community tariff quota for ferro-chromium containing not less than 4% by weight of carbon falling within subheading ex 73.02 E I of the Common Customs Tariff and extending the benefit of this quota to certain imports of ferro-chromium containing a quantity of between 3 and 4% by weight of carbon

THE COUNCIL OF THE EUROPEAN  
COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 28 thereof;

Having regard to the draft Regulation submitted by the Commission;

Whereas by its Regulation (EEC) No 270/77<sup>(1)</sup> of the Council opened for 1977 and apportioned among the Member States a Community tariff quota of a total size of 52 000 tonnes for ferro-chromium containing not less than 4% by weight of carbon and has extended the application of this quota to certain imports of ferro-chromium containing between 3 and 4% by weight of carbon falling within subheading ex 73.02 E I of the Common Customs Tariff;

Whereas for the product in question, Community production is inadequate and producers are unable to meet the total requirements of consumer industries in the Community; whereas, having regard to the most recent economic data for 1977 on consumption, production, exports to third countries, imports under the inward processing arrangements or other tariff preference schemes and taking account of the stocks held by a number of Member States on 31 December 1976, there is reason to assume that the additional Community import requirements in respect of imports from third countries may reach the level of 90 000 tonnes during 1977; whereas it is therefore in the Community's interest to suspend in respect of this metal the application of the Common Customs Tariff duty until 31 December 1977, within a suitable tariff quota; whereas in order not to raise the question of the prospects for development of the Community production sector...

It is appropriate to fix the quota volume and the rate of duty, applicable at the level of 50 000 tonnes and 3% respectively; whereas the fixing of this amount, relating to prudent estimates, does not exclude future adjustment;

Whereas relatively limited imports of ferro-chromium containing a quantity of between 3 and 4% by

weight of carbon are foreseeable for this quota period; whereas provision should be made on a temporary basis for the extension of the benefit of the tariff quota in question to these imports, limiting it however to 20% of the quota volume taking account of the existence of Community production;

Whereas equal and continuous access to the quota should be ensured for all Community importers and the rate of duty for the tariff quota should be applied consistently to all imports until the quota is exhausted; whereas in the light of these principles arrangements for the utilization of the tariff quota based on an allocation among Member States would seem to be consistent with the Community nature of the quota; whereas, to correspond as closely as possible to the actual trend of the market in the product in question, allocation of the quota should be in proportion to the requirements of the Member States as calculated by reference to statistics of imports from third countries during a representative reference period and to the economic outlook for the quota period in question;

Whereas, however, since the quota is an autonomous Community tariff quota intended to cover import needs arising in the Community, it may, as an experiment, be allocated on the basis of the temporary import needs from third countries expressed by each of the Member States; whereas, on the basis of economic information supplied and allowing for duty-free supplies from the Community or certain third countries, these needs would amount to the following percentages of the tariff quota;

Whereas in the case of Ireland, the present state of drawings from its share of the initial quota of 52 000 tonnes opened by the abovementioned Regulation and the most recent available economic information and statistics, do not justify at present its participation in the proposed increase of the Community tariff quota; whereas, moreover, should additional needs arise subsequently in that Member State it may have recourse to the procedure set up under Article 3 of this Regulation; whereas this system of allocation also ensures the uniform application of the Common Customs Tariff;

(<sup>1</sup>) OJ No L 39, 10.2.1977, p. 2.



Benelux	10.06
Denmark	0.01
Germany	54.64
France	10.48
Italy	3.62
United Kingdom	21.19;

Whereas, to take account of future import trends for the product concerned, the quota should be divided into two tranches, the first being allocated among the abovementioned Member States and the second held as a reserve to cover subsequently the requirements of Member States which have exhausted their new shares and any additional requirements which might arise in the other Member States; whereas, to give importers of Member States some degree of certainty, the first tranche of the tariff quota should be fixed at a relatively high level which could be 45 000 tonnes

Whereas Member States may exhaust their initial shares at different rates; whereas to avoid disruption of supplies on this account it should be provided that any Member State which has almost used up its initial share should draw an additional share from the reserve; whereas each time its additional share is almost exhausted a Member State should draw a further share, and so on as many times as the reserve allows, whereas the initial and additional shares should be valid until the end of the quota period; whereas this form of administration requires close collaboration between the Member States and the Commission and the Commission must be in a position to keep account of the extent to which the quotas have been used up and to inform the Member States accordingly;

Whereas if at a given date in the quota period a considerable quantity of a Member State's initial share remains unused it is essential that such State should return a significant proportion thereof to the reserve, in order to prevent a part of a quota from remaining unused in one Member State while it could be used in others;

Whereas, since the Kingdom of Belgium, the Kingdom of the Netherlands and the Grand Duchy of Luxembourg are united within and jointly represented by the Benelux Economic Union, any measure concerning the administration of the shares allocated to that Economic Union may be carried out by any one of its members,

HAS ADOPTED THIS REGULATION:

*Article 1*

1. From the date of entry into force of this Regulation and until 31 December 1977 a tariff quota of

50 000 tonnes shall be opened within the Community in respect of ferro-chromium containing not less than 4 % by weight of carbon falling within subheading ex 73.02 E I of the Common Customs Tariff.

2. During this period the Member States shall be authorized within the 20 % limit of the quotas allocated to them or which they levy on the reserve in accordance with Articles 2 and 3 to charge against the said tariff quota, imports of ferro-chromium containing a quantity of between 3 and 4 % by weight of carbon.

3. Within this quota, the customs tariff duty shall be suspended at 3 %.

*Article 2*

1. A first instalment of 45 000 tonnes of this Community tariff quota shall be allocated among the Member States; the shares, which subject to Article 6 shall be valid until 31 December 1977 shall be as follows:

Benelux	4 527	tonnes
Denmark	5	tonnes
Germany	24 588	tonnes
France	4 716	tonnes
Italy	1 629	tonnes
United Kingdom	9 535	tonnes

2. The second instalment of 5 000 tonnes shall constitute a reserve.

*Article 3*

Should ferro-chromium be required in Ireland, this Member State shall draw a sufficient share from the reserve to the extent that the reserve so permits.

*Article 4*

1. As soon as one of the Member States has used 90 % or more of its initial share as fixed in Article 2 (1), or of that share minus any portion returned to the reserve pursuant to Article 6, it shall forthwith, by notifying the Commission, draw a second share, to the extent that the reserve so permits, equal to 10 % of its initial share rounded up as necessary to the next whole number.

### Article 8

The Commission shall keep an account of the shares opened by the Member States pursuant to Articles 2 and 3 and shall, as soon as the information reaches it, inform each State of the extent to which the reserve has been used up.

Not later than 5 November 1977 it shall inform the Member States of the amounts still in reserve following any return of shares pursuant to Article 6.

It shall ensure that when an amount exhausting the reserve is drawn, the amount so drawn does not exceed the balance available, and to this end shall notify the amount of that balance to the Member State making the last drawing.

### Article 9

1. The Member States shall take all appropriate measures to ensure that additional shares drawn pursuant to Article 3 are opened in such a way that importations may be charged without interruption against their accumulated share of the tariff quota.

2. The Member States shall ensure that importers of the product in question established in their territories have free access to the shares allocated to them.

3. The Member State shall charge imports of the product in question against their shares as and when the product is entered with the customs authorities for home use.

4. The extent to which the Member States have used up their shares shall be determined on the basis of the importations charged against their shares in accordance with paragraph 3.

### Article 10

At the request of the Commission, the Member States shall inform it of imports charged against their shares.

### Article 11

The Member States and the Commission shall cooperate closely to ensure that this Regulation is complied with.

### Article 12

This Regulation shall enter into force on the seventh day following its publication in the Official Journal of the European Communities.

2. As soon as one of the Member States, after exhausting its initial share, has used 90 % or more of the second share drawn by it, that Member State shall forthwith, in the manner and to the extent provided in paragraph 1, draw a third share equal to 5 % of its initial share.

3. As soon as one of the Member States, after exhausting its second share, has used 90 % or more of the share drawn by it, that Member State shall forthwith and in accordance with the same conditions, draw a fourth share equal to the third.

This process shall continue until the reserve is exhausted.

4. Notwithstanding paragraphs 1 to 3, a Member State may draw shares lower than those specified in those paragraphs if there are grounds for believing that those specified may not be used in full. Any Member State applying this paragraph shall inform the Commission of its grounds for so doing.

### Article 5

Additional shares drawn pursuant to Article 3 shall be valid until 31 December 1977.

### Article 6

The Member States shall not later than 1 November 1977 return to the reserve the unused portion of their initial share which on 15 October 1977 exceeds 20 % of the initial amount. They may return a greater portion if there are grounds for believing that such portion may not be used in full.

Not later than 1 November 1977 the Member States shall notify the Commission of the total quantities of the products in question imported up to and including 15 October 1977 and charged against the Community quota and of any portion of their initial shares returned to the reserve.

### Article 7

Member States may restrict the use to which products charged against their quota shares may be put.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 

*For the Council*  
*The President*

1. Budget line concerned : Ch. 12 Art. 120

2. Legal basis : Art. 28 of the Treaty

3. Title of the tariff measure :

Draft Regulation (EEC) of the Council opening, allocating and administering a Community tariff quota for ferro-chromium containing not less than 4% by weight of carbon falling within subheading ex 73.02 E I of the Common Customs Tariff and extending the benefit of this quota to certain imports of ferro-chromium containing a quantity of between 3 and 4% by weight of carbon (year 1977)

4. Objectives :

To ensure the supply, under favourable conditions, of user industries.

5. Method of calculation :

- No of CCT	:	ex 73.02 E I
- Quota volume	:	50 000 tonnes
- Quota duty rate	:	3%
- Duty rate CCT	:	8%

6. Loss of receipts : 1 435 350 UCE.